



LOS ANGELES COUNTY DEPARTMENT OF MENTAL HEALTH
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November 21, 2013

TO: Each Supervisor

FROM: Marvin J. Southard, D.S.W.
Director

SUBJECT: **REQUEST TO INCREASE DELEGATED AUTHORITY PERCENTAGE
IN THE BOARD LETTER TO SUPERSEDE 134 LEGAL ENTITY (LE)
AGREEMENTS FOR MENTAL HEALTH SERVICES**

This memorandum is to comply with Board Policy Manual, Section 5.120, Authority to Approve Increases to Board Approved Contract Amounts. The Policy mandates that any department requesting a percentage increase exceeding ten percent of the total contract amount must provide a detailed justification and advance written notice to your Board, with a copy to the Chief Executive Officer, at least two weeks prior to the Board meeting at which the proposed contract is to be presented.

Department of Mental Health (DMH) is seeking your Board's approval to supersede its 134 LE Agreements effective January 1, 2014, in order to implement Medicaid (Medi-Cal in California) Expansion (hereafter referred as "MCE") under the Patient Protection and Affordable Care Act (ACA), and to ensure uniform implementation of new and revised provisions required in all DMH LE Agreements that have one-year term or two-year term remaining. Additionally, the approval of this Board letter will allow DMH to increase the Maximum Contract Amounts (MCA) of these LE Agreements to add funding associated with the MCE.

Since 2011, DMH has been taking steps towards expanding Medi-Cal under the ACA by implementing Low Income Health Programs (LIHPs) through the County's Healthy Way LA (HWLA) Program Under the "Bridge to Reform" Medicaid 1115 Waiver, using federal and County funds. The vast majority of these HWLA enrollees will become eligible for Medi-Cal coverage under the ACA beginning January 1, 2014.

Accordingly, DMH has been preparing for the MCE implementation and to convey these changes to its Contractors; DMH has made some updates to its LE Agreements boilerplate and Financial Exhibit, including increasing the MCAs to add funds for services that will be provided to newly eligible MCE beneficiaries starting January 1, 2014.

DMH is requesting an additional ten percent for a total of twenty percent delegated authority to increase the MCAs of the 134 LE Agreements in order to maintain the level of service that is currently being provided. Moreover, given the uncertainties regarding the numbers and level of care for these newly eligible Medi-Cal beneficiaries, DMH is asking for an additional twenty percent for a total of thirty percent delegated authority, distinct from the twenty percent delegated authority above, for the sole purpose of the MCE Program. This will allow DMH greater capacity to amend contracts to implement these new funding streams, programs and services in a more expeditious manner. It will also allow DMH and its contract agencies to maintain business continuity in the provision of current mental health services to severely and persistently mentally ill adults, seriously emotionally disturbed children, adolescents, and their families throughout the County of Los Angeles. In most instances where speed and response time are of key importance, the increased delegated authority will allow DMH and its network of contract agencies to maximize, prioritize, and increase access to services on a continuous and ever-increasing basis to its ever-growing clientele, which more effectively meets the County's mission "To Enrich Lives Through Effective And Caring Service."

Should there be a need to exceed the twenty and/or the thirty percent delegated authorities, DMH will return to your Board with a request for authority to amend the contracts accordingly.

If you have any questions or concerns please contact me, or your staff may contact Richard Kushi, Chief, Contracts Development and Administration Division, at (213) 738-4684.

MJS:MM:RK:SK

c: Executive Officer, Board of Supervisors
 Chief Executive Officer
 County Counsel
 Robin Kay, Ph.D.
 Margo Morales
 Deputy Directors
 District Chiefs
 Kimberly Nall
 Richard Kushi